

OPERATING AGREEMENT

PURPOSE

This agreement entered into and effective the 1st day of February 1999, is by and between the Superintendent, United States Naval Academy (USNA) and the Naval Academy Athletic Association (NAAA), a nonprofit organization with headquarters at the U.S. Naval Academy, Annapolis, Maryland. The purpose of this agreement is to set forth (1) the conditions under which NAAA shall operate at USNA, (2) the support that USNA as a host activity shall provide to NAAA as a tenant activity, and (3) the support and funding responsibilities of USNA and NAAA for the athletic program. This agreement amends and supersedes a previous agreement entered into between USNA and NAAA dated 1 April 1996.

BACKGROUND

By virtue of a Statute, P.L. 450 of the 75th Congress (Statute of 26 March 1938, 52 STAT 119), the Secretary of the Navy was authorized, on behalf of the United States, to accept a building known as Preble Hall. Preble Hall was constructed by means of gifts and bequests from the U. S. Naval Institute and

the Navy Athletic Association (as NAAA was then known). The Secretary was further authorized to maintain this building as a United States Naval Academy Museum and for the administrative offices of the United States Naval Institute and the Navy Athletic Association.

With the specific concurrence of NAAA and in exercise of his statutory authority to reallocate and allow use of other buildings at USNA for use of NAAA, the Secretary of the Navy, by memorandum dated 27 March 1980, determined that a grant of authority to enter into a 50-year lease agreement with NAAA for a portion of Ricketts Hall at USNA, in exchange for NAAA vacating spaces in Preble Hall, would be in the best interest of the Navy. A General Purpose Lease (Contract No. N6247781R200008) was executed on 1 December 1980 for a period of fifty years by and between NAAA and the U.S. Government. The lease granted to NAAA the right to occupy approximately 11,000 square feet more or less, on the first floor of Ricketts Hall, USNA for use as administrative offices of NAAA. Additional spaces occupied by NAAA are covered by Appendix A.

According to the Constitution of NAAA, the object of NAAA is to promote and assist in financing the athletic program of the midshipmen of USNA in accordance with the policy of the Superintendent of USNA.

The mission of USNA is to develop Midshipmen morally, mentally, and physically and to imbue them with the highest ideals of duty, honor and loyalty in order to provide graduates who are dedicated to a career of naval service and have potential for future development in mind and character to assume the highest responsibilities of command, citizenship and government.

The athletic program at USNA has proven invaluable in developing physical stamina and instilling leadership qualities in midshipmen. Therefore, an agreement setting forth the respective responsibilities and interests of USNA and NAAA with respect to the athletic program and use of facilities at USNA by NAAA is of mutual benefit to both parties.

RESPONSIBILITIES

Appendix A provides guidelines for determining specific areas of responsibility and funding support for NAAA as a tenant and for the athletic program. Appendix A will be reviewed annually by the USNA Command Evaluation Office and updated as needed.

The Superintendent exercises oversight control of NAAA's activities through reports from the officers of the Board of Control concerning all negotiations, plans, appointments, audits,

and budget proposals of NAAA which directly affect the USNA Athletic Program, all of which are subject to the approval of the Superintendent.

GENERAL INFORMATION

NAAA is responsible for the financial operation of NAAA and is liable for any losses, expenses, or claims for damages arising from NAAA's operation.

NAAA will comply with all requirements of the National Collegiate Athletic Association (NCAA) as those requirements apply to the athletic program at USNA.

NAAA will not discriminate against any employee or applicant for employment because of race, creed, age, sex, color or national origin.

This Agreement may be modified by mutual consent of the parties hereto.

The Superintendent, USNA, by written notice, may terminate this Agreement, in whole or in part, when it is in the best interest of the Government to do so. Such termination, however, will not in and of itself affect any rights acquired by NAAA

pursuant to Public Law 75-450 of March 26, 1938, or under General
Purpose Lease No. N6247781RP00008.

This Agreement has been executed by the Superintendent, USNA
and by the President, NAAA.

John R. Ryan 24 FEB 99
J. R. RYAN (Date)
Vice Admiral, U.S. Navy
Superintendent, United
States Naval Academy

Jack Lengyel 25 Feb 99
JACK LENGYEL (Date)
President, Naval Academy
Athletic Association

APPENDIX A

SUPPCRT AND FUNDING RESPONSIBILITIES FOR THE
U.S. NAVAL ACADEMY (USNA) AND THE
NAVAL ACADEMY ATHLETIC ASSOCIATION (NAAA)

APPENDIX A -
SUPPORT AND FUNDING RESPONSIBILITIES FOR THE
U.S. NAVAL ACADEMY (USNA) AND THE
NAVAL ACADEMY ATHLETIC ASSOCIATION (NAAA)

1. Spaces. USNA will provide the following to NAAA on a non-reimbursable basis. Provision of spaces in this paragraph includes maintenance and utilities.

a. Administrative office spaces on the first floor of Ricketts Hall pursuant to the Lease No. N6247781RP00008 between NAAA and the U.S. Government.

b. Additional spaces for office and meeting spaces, locker rooms, athletic training areas, weight training areas and the storage, repair, and issue of athletic gear in Ricketts Hall, Bancroft Hall, Halsey Field House, MacDonough Hall, Tennis Center, Baseball Clubhouse, Golf Team Locker Room, and other areas as required to support USNA athletics. NAAA will provide a list of employees and locations to USNA annually. Any changes to space requirements must be submitted to the USNA Facilities Planning Board for approval.

c. Use of portions of Hubbard Hall as a training and support facility for the Naval Academy crew team and USNA/NAAA programs as prescribed in the USNA Instruction 1710.5 Series, Policy and Instructions Governing Use of Hubbard Hall.

d. Operational and management control of berthing spaces for visiting team and other activities on the third floor of Ricketts Hall.

e. Use of portions of Alumni Hall as noted in Appendix B.

f. Use of portions of Alumni Hall under Navy License N6247798RP00019 and amendments thereto for purpose of operating three concession stands during various athletic/special events for visitors and other attendees. The net profits will be disbursed as follows: forty percent (40%) of all net profits will be remitted to the Naval Academy General Gift Fund by NAAA and sixty percent (60%) of all net profits will be retained by NAAA. The 40% net profits remitted to the Naval Academy General Gift Fund by NAAA will be done on a semi-annual basis for the periods ending 31 May and 30 November of each year.

g. Use of portions of Halsey Field House under Navy License N6247798RP00020 and amendments thereto for purpose of operating a concession stand in conjunction with the Visitor Center and during various athletic/special events for visitors and other attendees. The net profits will be disbursed as noted above in paragraph 1f.

h. Use of portions of Halsey Field House under Navy License N6247795RP00056 and amendments thereto for the purpose of operating a gift shop and tour guide service for visitors to the Naval Academy. All proposals for altering, modifying, or improving the facilities utilized for the visitor service function must be reviewed and approved by the Superintendent, USNA, and follow the guidelines of USNA/AACINST 11000.3 Series. The net revenues derived from the operation of the Visitor's Center will be remitted to the Midshipmen Welfare Fund and used to repay the \$4.5 million loan to the federal government, and to support midshipmen extracurricular and athletic activities per the FY94 Visitors Center Congressional language. Although legislation cites the Midshipmen Welfare and Recreation Fund, because no such fund exists, net revenues will be placed in the Midshipmen Welfare Fund. The distribution of net revenues will be determined by the Superintendent. In conjunction with the operation of the tour guide service, NAAA agrees to assume the total visitor service function at USNA. The responsibilities assumed hereby, over and above those contemplated in Navy License N6247795RP00056 include:

(1) Overseeing and handling general administrative and managerial duties necessary to operate the Center, including the Gift Shop, Tour Guide Service, Concession, and Exhibit Area.

Specific responsibilities for the operation of the Visitors Center are provided in Appendix C.

(2) Providing congenial and helpful assistance to visitors and the general public.

(3) Providing for the security of the facility.

(4) Establishing and maintaining contact between the Visitor Center and USNA administration as necessary for effective operation of the Center.

(5) Maintaining necessary stock of supplies, including maps and brochures.

(6) Monitoring the effectiveness of the Center in providing services to visitors, taking necessary action to correct discrepancies which may occur.

(7) Assisting visitors by providing information on the Academy and the Annapolis area, including items of historical interest, lodging availability, restaurants, etc.

(8) Handling special circumstances, including emergencies, as they may arise.

(9) Acting as point of contact and agent in maintaining the facilities in proper condition, including such items as originating work orders and services requests.

(10) Maintaining separate financial records for income and expenses related to the operation of the visitor service function at USNA. These records will be audited by an independent CPA firm annually.

2. Facilities and Fields. USNA provides and maintains all facilities and playing fields needed for all athletic purposes, except NAAA's Navy-Marine Corps Memorial Stadium. Maintenance requested by NAAA which exceeds normal maintenance levels shall be reimbursed by NAAA. Work requests for the stadium made by NAAA and approved by USNA will be done on a reimbursable basis.

a. Normal cyclical maintenance and repair of all Academy buildings are the responsibility of USNA. Alterations, modifications, and improvements made at the request of NAAA will be charged to NAAA. USNA retains the right to return modified spaces to the original configuration at NAAA cost should NAAA vacate those spaces.

b. NAAA provides and maintains the Navy-Marine Corps Memorial Stadium and allows USNA use without rental fee for athletic events and graduation exercises. NAAA is authorized to charge reasonable admission fees to scheduled intercollegiate athletic events at USNA provided NAAA will pay all game expenses (except sailing), including officials fees, entry fees, awards and conference memberships and all remaining funds collected will be used in direct support of the USNA athletic program.

3. Real Estate. All matters relating to construction on USNA owned real estate will be submitted to USNA for review and approval prior to commencing any construction efforts.

4. Set up Sports Events. USNA will set up indoor facilities and playing fields. NAAA will set up the Navy-Marine Corps Stadium or reimburse USNA for any work done.

5. Personnel Services. USNA will provide the following personnel services on a nonreimbursable basis. Special requests which incur additional costs to USNA will be reimbursed by NAAA..

a. Recruit and refer candidates for clerical/support positions using sources such as the State Job Service Office, USNA job information center, newspaper ads (as necessary) and

internal postings; notify non-selects; maintain necessary records.

b. Support recruitment/selection process for coaches, professional administrative and management positions. Write or review vacancy announcements; help develop job-specific selection criteria; serve as advisor to search committees; maintain records; respond to candidate inquiries.

c. Present short (one to two hours) courses for supervisors on employee relations, e.g., leave use and abuse, dealing with problem employees, performance management, and other topics of interest.

d. Provide advice and assistance to supervisors on how to deal with conduct and performance problems. Review/assist in writing all letters involving disciplinary action before they are given to employees.

e. Recommend updates and changes to the employee handbook and policy and procedures manual.

f. Oversee employee evaluation process; assist supervisors as necessary.

g. Coordinate/arrange for special programs, e.g., Lou Tice, funded by NAAA.

h. Advise on legal personnel issues.

i. Serve as employee advocate. Maintain contact with supervisors and employees through regular on-site visits.

j. Provide advice on pay issues.

6. Salaries. Salary costs will be shared by USNA and NAAA under the following guidelines:

a. Coaches. NAAA will provide coaches as noted in Appendix D. USNA will provide coaches for all other sports.

b. Sailing Coaches. NAAA will pay the non-government sailing coaches and be reimbursed by the Dudley Wolfe Gift Fund. Contracts for USNA employees hired by NAAA as sailing coaches must include a statement that the coaching duties are not conducted during their normal tour of duty.

c. Trainers. USNA will pay the certified government trainers, with NAAA providing employees as noted in Appendix D.

d. Equipment Room Employees. NAAA will provide Men's Varsity Football (Heavyweight) and Men's Varsity Basketball equipment room personnel. USNA will provide all others, with the exception of NAAA providing employees as noted in Appendix D.

e. All Other Employees. USNA will pay government employees and NAAA will pay NAAA employees.

7. Travel. Travel costs will be shared by USNA and NAAA under the following guidelines.

a. Team Travel. NAAA will pay all costs associated with food and lodging for varsity sports. USNA will reimburse NAAA for midshipmen food costs up to the amount of the daily food allowance. USNA will pay for bus and van transportation to and from USNA for varsity sports. USNA and NAAA will share airfare costs as follows:

(1) Varsity Men's Football (Heavyweight) and Men's Varsity Basketball. NAAA will pay all airfare costs.

(2) All Other Varsity Sports. USNA will schedule government flights whenever possible; NAAA will pay for commercial airfare.

b. Official Party Travel. NAAA will pay all costs associated with official party travel to away athletic events. The Superintendent will determine the composition of the official party.

c. Recruiting Travel. USNA will pay food, lodging, and transportation costs of government employees in accordance with U.S. Government Travel Regulations. NAAA will pay all food, lodging, and transportation costs for NAAA employees.

8. Clinics, Seminars, Training, and Sports Certification. USNA will pay food, lodging, and transportation costs of government employees in accordance with U.S. Government Travel Regulations, and NAAA will pay the same costs for all NAAA employees.

9. Equipment and Property

a. Uniforms. NAAA will pay for all Men's Varsity Football (Heavyweight) and Men's Varsity Basketball uniforms. USNA will pay for other varsity and intramural uniforms based on amount of appropriated funds provided to varsity sports. If the amount of appropriated funds is insufficient to cover the necessary requirement determined by the Athletic Director, NAAA will fund the difference.

b. Sports Equipment. NAAA will pay for equipment used exclusively for Men's Varsity Football (Heavyweight) and Men's Varsity Basketball equipment. USNA will pay for other varsity and intramural sports equipment based on amount of appropriated funds provided to varsity sports. If the amount of appropriated funds is insufficient to cover the necessary requirement determined by the Athletic Director, NAAA will fund the difference.

c. Repair of Equipment. USNA will pay for the repair of government-owned equipment and NAAA will pay for the repair of NAAA-owned equipment.

d. Generic Practice Gear. USNA will pay for all generic practice gear as it is used by all sport activities and is mission related.

e. Office Equipment, Vehicles, Furniture and Other Property. USNA and NAAA will procure, maintain, and repair their own property. USNA property must be controlled through the plant property and minor property accounting systems. NAAA will maintain a similar property accounting system. NAAA, on demand by USNA, will allow USNA to inspect its property accounting system.

10. Training Supplies and Equipment. USNA will provide the training supplies and equipment for all sports. NAAA will pay for specialty items.

11. Laundry Services. NAAA will provide all laundry services for Men's Varsity Football (Heavyweight) and Men's Varsity Basketball. USNA will provide laundry services for all other varsity and intramural sports.

12. Telephones. Telephone costs for the Visitor Center will be paid by the Visitor Center. NAAA will pay for telephones located at the Navy-Marine Corps Stadium. USNA will pay for telephones used for official Academy business and NAAA will pay for telephones used for NAAA business.

13. Janitorial Services. USNA will provide janitorial services for Lejeune Hall, MacDonough Hall, Halsey Field House, and Alumni Hall. NAAA will provide janitorial services for the Navy-Marine Corps Stadium, Visitors Center, and Ricketts Hall. NAAA will provide janitorial service for dining areas of Hubbard Hall and USNA will provide service for remaining areas of building.

14. Printing and Publication. USNA will pay for costs associated with physical education, club sports, and intramural sports. NAAA will pay costs for all other sports.

15. Marketing and Promotion. NAAA will pay all costs associated with Marketing and Promotion for varsity sports only.

16. Contracts. All contracts negotiated by NAAA will include a clause stating that USNA is not a party to the contract and is to be held harmless for any liability including guarantees incurred under the terms of the contract by the parties to the contract.

17. Crew Shell Maintenance. NAAA will provide an employee for the boathouse. USNA will reimburse NAAA for services and materials costs incurred for physical education and non-varsity usage.

18. Mail Service. USNA will provide yard mail service for matters relating to official business of USNA.

19. Computer Service Support. USNA will provide computer support for official Academy business, including functions involving recruitment and retention of athletes, scheduling of athletic events, squad lists, and E-mail. Additional computer support may be requested by NAAA on a reimbursable basis.

20. Audiovisual Services. NAAA will pay for work requested and performed for them under the USNA Educational Resources Center Audiovisual contract. NAAA will not be required to pay for highlight films for varsity football and men's basketball as designated in the contract.

21. Food Services. Services authorized to be provided by the Midshipmen Food Services Division are prescribed by the Superintendent's policy letter on this subject.

22. Environmental. General and specific provisions for environmental issues are provided in Appendix E.

23. Safety. Safety support services will be provided by USNA to NAAA on a nonreimbursable basis under the following provisions.

a. Regulations. USNA will provide technical advice and assistance in coordinating the Navy Occupational Safety and Health (NAVOSH) Program per the OPNAVINST 5100.23 and USNAINST 5100.11 Series. NAAA will implement and coordinate with activities augmenting the USNA NAVOSH Program.

b. Inspections. USNA will conduct work space inspections for NAAA, excluding the Navy-Marine Corps Memorial Stadium, as required by OPNAVINST 5100.23 Series. Written reports of

workplace inspections will be forwarded to the appropriate Command Representative for action. NAAA will comply with USNA directives and assist inspection teams as required. NAAA will ensure correction of deficiencies reported during workplace inspections.

c. Abatement. USNA will maintain safety and health workplace deficiency abatement logs, as required by OPNAVINST 5100.23 Series for all NAAA activities to ensure orderly correction of these deficiencies. NAAA will prepare OSH abatement projects for deficiencies identified during workplace inspections and supply USNA monthly progress reports of projects that cannot be corrected within 30 calendar days of discovery.

d. Recordkeeping. USNA will maintain written reports of workplace inspections, containing references to standards or directives violated, other unsafe work practices and management deficiencies observed. NAAA will maintain report of recommended corrective action on file until deficiencies have been corrected, and will maintain a file for review by USNA to include mishap reports and related data.

e. Training. USNA will encourage participation in occupational safety and health training. NAAA will comply with

USNA directives and make sure activity personnel take relevant training to comply with OPNAVINST 5100.23 Series.

f. Coordinator. NAAA will appoint the Deputy Director of Athletics as a collateral duty safety officer. The Deputy Director will be responsible for coordinating all the above requirements.

g. Work-Related Injuries. The reporting of injuries to non-government employees of NAAA falls under the occupational safety and health regulations of the State of Maryland. The provision of medical treatment and examinations associated with work-related injuries to these employees is the responsibility of the individual or NAAA, as appropriate.

h. Medical Surveillance. NAAA will establish a medical surveillance program to ensure personnel working with pesticides and other chemicals, particularly those personnel required to wear respiratory protection in the course of their duties (e.g., boat repair and carpentry workers), for which health exposure monitoring is required are monitored on a periodic basis. With proof of inclusion of employees in the medical surveillance program, USNA will conduct fit testing for employees required to wear respiratory protection.

i. Hazard Communication. NAAA will ensure a Hazard Communication Program is in place to complement the USNA Hazardous Materials Control Program.

24. Security. USNA will provide normal station security on USNA grounds. USNA will provide escort security services for midshipmen and USNA officials to, from, and at the Navy-Marine Corps Memorial Stadium. NAAA will provide their own security at the Stadium and coordinate with the Annapolis City Police, Anne Arundel County Police, and Maryland State Police as necessary.

25. Housing. USNA may provide billet quarters for the Director of Athletics per the Chief of Naval Operations letter of 1968, upon request and based on availability. NAAA will pay monthly rental charges as established by the Naval Facilities Engineering Command.

26. Camps and Clinics. Camps, clinics, and instructions in athletics designed to enhance USNA recruiting and to assist in exposing USNA to youth groups are authorized to be conducted by NAAA and the use of necessary facilities is authorized under the following conditions:

a. The activity will not interfere with midshipmen use.

b. Each activity has received the specific prior approval of USNA.

c. Fees may be charged to participants.

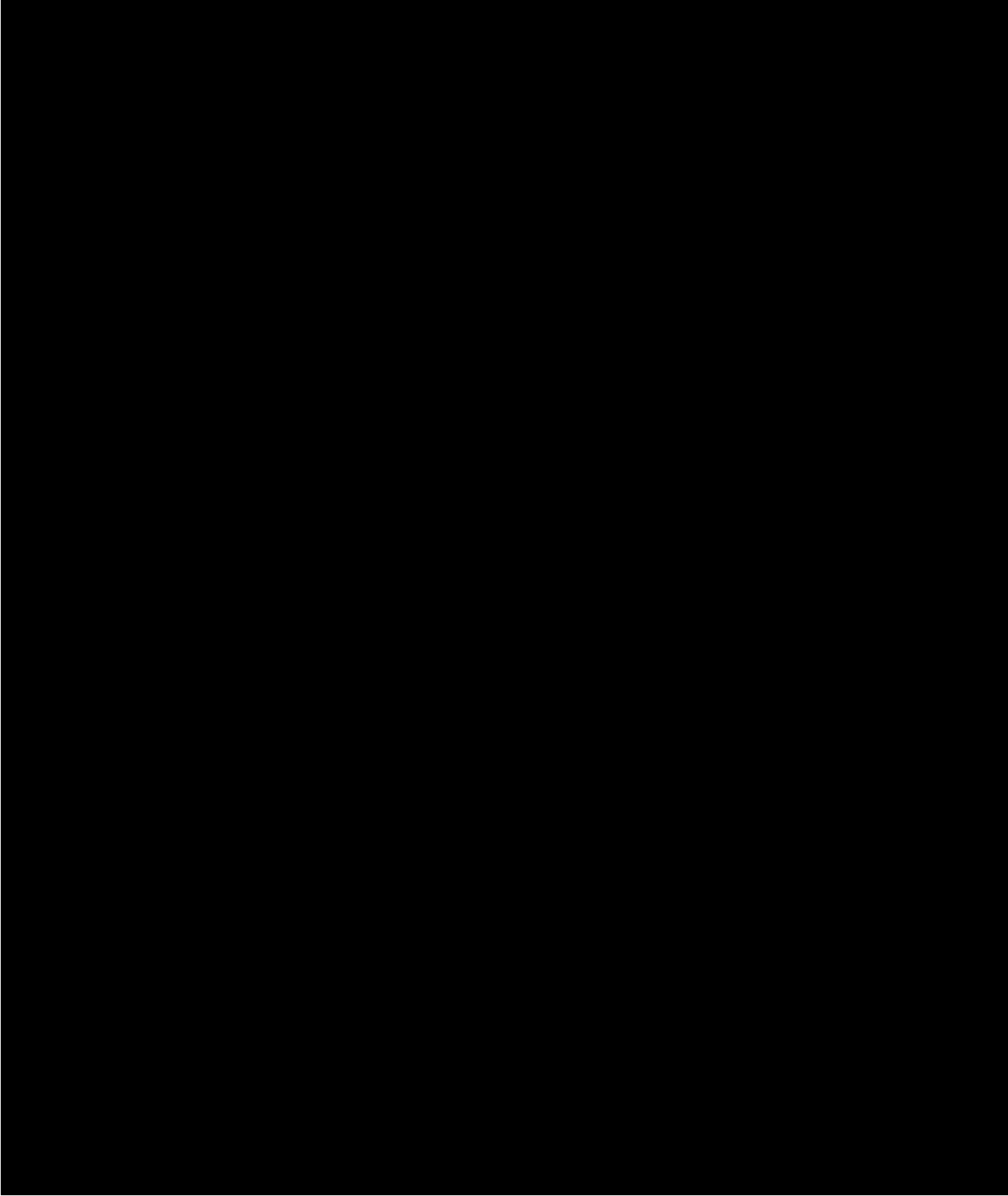
27. Personnel Security Checks. NAAA will ensure criminal history checks are completed for employees who work with personnel (non-midshipmen) under the age of 18 years.

28. Tickets to Athletic Events. Official party athletic event tickets will be provided to the Superintendent for use by the official party. The Superintendent will determine the composition of the official party.

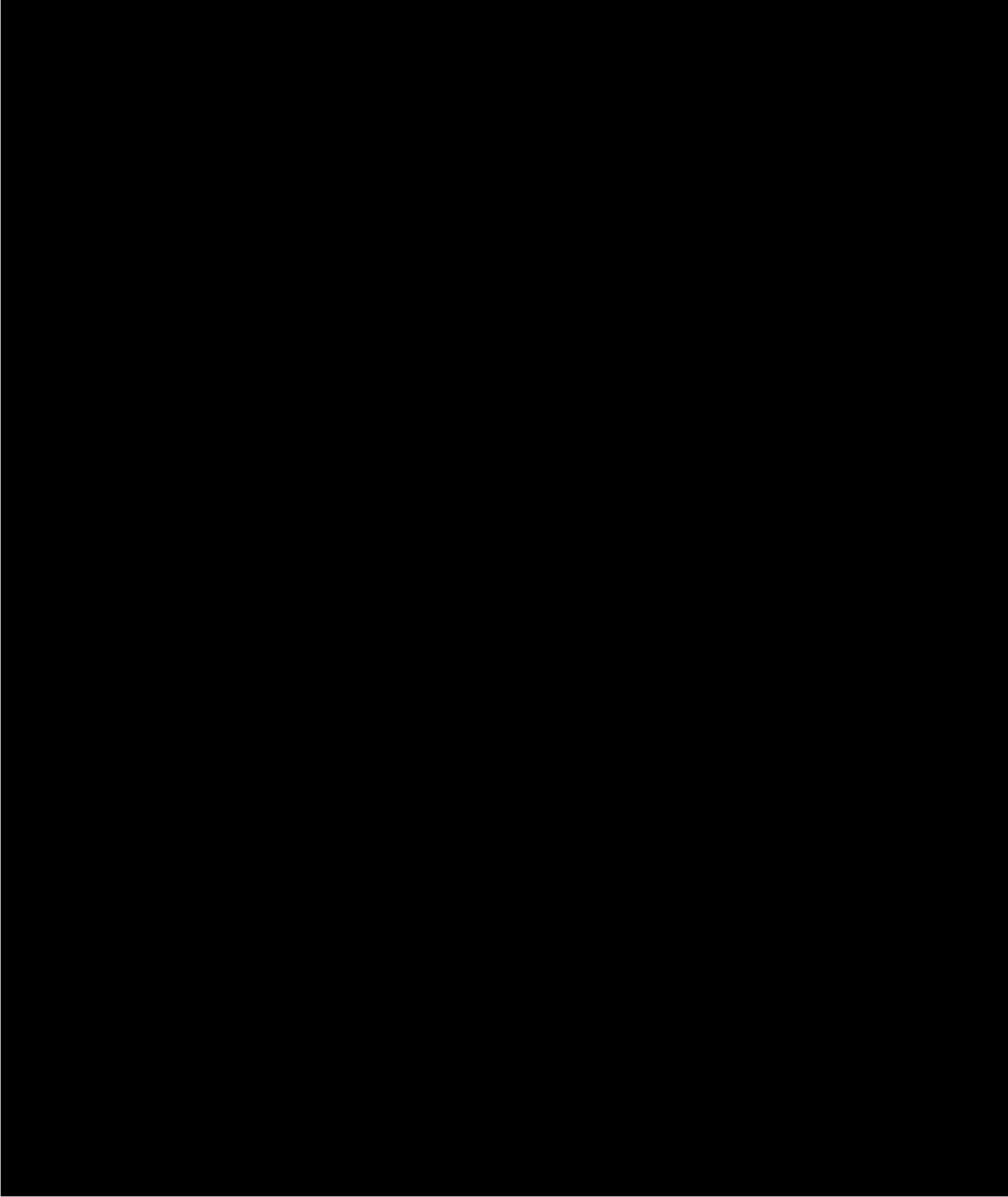
APPENDIX B

SPACES OCCUPIED BY NAAA
IN ALUMNI HALL

5 U.S.C. §552(b)(7)(F)



5 U.S.C. §552(b)(7)(F)



APPENDIX C

VISITORS CENTER OPERATION PLAN

APPENDIX C -
VISITORS CENTER OPERATION PLAN

1. NAAA will be responsible for:

- a. Daily cleaning of entire Visitors Center.
- b. Managing the manufacturer's original warranty for the exhibit area and the retail sales area.
- c. Contract maintenance services for the information technology devices in the exhibit area upon expiration of the warranty period.
- d. Maintenance of the exhibits and the retail areas.
- e. Budgeting for and updating the displays in the exhibit area.
- f. All costs associated with the operation of the income generating portion of the Visitors Center.
- g. Washing exterior windows.

2. Public Works will be responsible for:

a. Managing the warranty for the Visitors Center (less the retail sales and exhibit area).

b. Budgeting for and paying utility costs for the building structure. Utilities include electricity, water, steam, and sewage.

c. Scheduling and performing all routine preventative maintenance of dynamic equipment and environmental control systems.

d. Performing all landscaping services.

e. Performing all service calls (16 hours or less) excluding lighting, except for high lamps in the gift shop retail areas.

f. Performing all customer funded specific work as requested.

3. Public Affairs is responsible for managing the content of the Exhibit Area. All changes to the exhibit are to be approved by the Public Affairs Officer (PAO). The PAO will notify NAAA well

in advance of major changes to be made in order that funds may be set aside.

4. Net Revenues. For the purpose of repaying the \$4.5 million loan to the Federal Government, net revenues will be calculated as follows:

$$\text{Net Revenues} = \text{Gross Income} - \text{Expenses}$$

Expenses include the repayment of the loans to NAAA and the Midshipmen Welfare Fund, and depreciation of the exhibit area. Maintenance and utility costs will not be considered an expense in this calculation unless costs are paid by the Visitor Center.

APPENDIX D

ATHLETIC EMPLOYEES PROVIDED BY NAAA

ATHLETIC EMPLOYEES PROVIDED BY NAAA

1 November 1998

Men's Basketball

- 1 Head Coach
- 4 Assistant Coaches

Football

- 1 Head Coach
- 10 ← Assistant Coaches JRR

Crew

- 1 Women's Head Coach
- 1 Women's Part-time Assistant Coach
- 1 Lightweight Head Coach
- 1 Heavyweight Plebe Coach
- 1 Lightweight Part-time Assistant Coach
- 1 Boatsman

Other

- 1 Assistant Volleyball Coach
- 1 Assistant Baseball Coach
- 2 Lightweight Football Part-time Assistant Coaches
- 2 Women's Assistant Basketball Coaches
- 1 Assistant Lacrosse Coach
- 1 Head Rifle Coach
- 1 Women's Head Soccer Coach
- 1 Part-time Assistant Tennis Coach
- 1 Men's Assistant Track Coach
- 1 Head Trainer
- 2 Trainers - Interns
- 2 Strength & Conditioning Specialists
- 1 Head Squash Coach
- 1 Part-time Assistant Squash Coach
- 1 Assistant Wrestling Coach
- 1 Video Director

Equipment

- 1 Manager
- 3 Assistant Managers
- 1 Intern

APPENDIX E

GENERAL AND SPECIFIC PROVISIONS
FOR ENVIRONMENTAL ISSUES

APPENDIX E -
ENVIRONMENTAL ISSUES

GENERAL PROVISIONS:

The U.S. Naval Academy, hereinafter referred to as the HOST, is usually considered primarily responsible by environmental regulatory agencies for all environmental compliance and management matters on the U.S. Naval Academy/Annapolis Area Complex, hereinafter referred to as the BASE. The Naval Academy Athletic Association, hereinafter referred to as the TENANT, as the operator and custodian of property, buildings, equipment, and vehicles on the BASE, has an independent responsibility for compliance with environmental regulations.

A. Consultation. HOST agrees to consult with TENANT on all environmental compliance matters, including permits, inspections, notices of violation, enforcement matters, and agreements that affect either TENANT's specific facilities and operations, or that affect the BASE generally. TENANT agrees to consult with HOST on all communications with environmental regulatory agencies, specially those involving permits, violations, and enforcement matters. TENANT will execute no agreements with regulatory agencies without the concurrence of HOST. This consultation will normally be conducted on a working level between the environmental managers designated as primary points of contact for both the HOST and TENANT.

B. Access. Although TENANT agrees herein to assume primary responsibility for certain facilities, equipment and operation, TENANT agrees to allow HOST, as the overall facility owner and operator, free access to all facilities, records, reports, and other documents for the purpose of monitoring TENANT's performance of obligations under this agreement.

C. Correspondence. TENANT agrees to send copies of all correspondence with regulatory agencies to HOST's designated point of contact. Likewise, HOST will provide TENANT with copies of any correspondence concerning compliance matters at TENANT's facilities.

D. Environmental Compliance Evaluation. HOST shall be responsible for scheduling and conducting a BASE-wide annual Environmental Compliance Self-Assessment. TENANT will provide personnel to participate in this assessment.

E. Fines and Fees. The TENANT understands they are responsible for all environmental violations to state and federal codes to include any fines that may be assessed.

F. Citations. Provisions of the Code of Federal Regulation are recited from time to time throughout this agreement. Each part is responsible for ascertaining and complying with the applicable state and local regulations as they affect each party's obligations under this agreement.

G. Disputes. It is the intent of both parties that disagreements regarding issues arising under this agreement be resolved by mutual consent. However, if the parties are not able to come to mutual agreement, it is understood that such disputes will be referred to both HOST and TENANT's respective chains of command, until the issue is resolved by the common superior, if necessary.